CMHC HOUSING OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

Starts remain resilient in 2001-2002

Second Quarter, 2001

Overview

Starts:
2001: 158,600
2002: 157,700

Resales:
2001: 341,300
2002: 341,900

Starts: Expect starts to rise this year and remain strong in the next. Despite the recent cooling of the North American economy, lower mortgage rates, favourable labour markets, income growth, rising migration, and stronger house prices continue to encourage residential construction in 2001.

Resales: With increased demand from first time buyers in several markets, sales of existing homes will continue to reach record levels, posting solid growth this year and up marginally in 2002.

Prices: Look for resale price growth to remain strong this year. Gains will moderate somewhat in 2002, but remain healthy.

Details on page three.

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CMHC Housing Outlook: National Edition is your national sales, marketing, and business planning tool.

The Nation's HOT SPOTS

Alberta: Housing starts will remain hot on the coat-tails of the oil and gas industry. (See Page 10).

Ontario: The housing sector has demonstrated strong momentum in the face of an uncertain economic environment. (See Page 13).

Quebec: Strong economic performance and a decrease in the inventory of existing homes will drive up housing activity this year and next. (See Page 14).

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Upcoming PDF Release Dates

Third Quarter — July 17
Fourth Quarter — October 17

National Housing Outlook

In Detail

Multiples strong this year

Look for multiple starts to increase more rapidly than singles this year. Apartments will account for all the growth this year thanks to gains in Quebec, Ontario, and B.C.. Next year, multiple construction will ease but remain robust in comparison to the late 1990s.

Multiples hot in many areas this year

Newfoundland, P.E.I., Manitoba, and Saskatchewan will register double-digit growth in multiple starts in each of the next two years. New Brunswick, Quebec, Ontario, and B.C. will also post strong gains this year, but growth will slow or turn negative in these provinces next year.

Rental construction up, condos variable

Low rental vacancy rates will help trigger stronger rental construction in 2001 and 2002, but starts will remain at relatively low levels. Construction of condominiums will also increase this year but drop next year mainly on account of reduced activity in Ontario.

Singles up outside Atlantic this year

Growth in single starts will pick up this year, before leveling off next year. In 2001, construction will be down in all Atlantic provinces and Manitoba and up everywhere else. Although starts will rise steadily in B.C., gains will not make up for the drop that occurred last year. After strong performances this year, growth next year will slow in Quebec, Ontario, Saskatchewan, and Alberta.

Record resale numbers this year

Despite scarce listings in some markets, strong demand and lower mortgage rates will lift resales to record levels in the next two years. Records will be set this year in Newfoundland, Quebec, Ontario, and Alberta.

Prices up everywhere in 2001 and 2002

Resale prices will be up in all provinces. Look for price gains above the rate of inflation in Quebec, Ontario, Saskatchewan, and Alberta.

Spotlight on the STOCK MARKET

Is there a connection to the housing market?

Stock markets and housing starts

Source: CMHC, Statistics Canada.
SAAR – seasonally adjusted at annual rates.

Since peaking late last summer, the TSE 300 Index has lost more than 30 per cent of its value. What effect might the loss of wealth arising from declining equity markets have on housing markets?

It is in fact difficult to establish any statistical relationship between changes in stock markets and the rate of housing construction. The likely reason is that most of the funds invested by households in the stock market are not earmarked for housing expenses.

Instead, households with money in stocks likely have long investment horizons. As such, any effect of turbulent equity markets on housing markets is apt to be indirect, through reduced consumer confidence, rather than a direct result of reduced wealth.

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Trends Impacting Housing

Positive Impact	What to Watch For
✓ *Mortgage rates easing*	✓ *Economy moderating*
✓ *Employment and incomes grow*	✓ *Migration to Ontario and Alberta*
✓ *Tax cuts*	

The Economy

With real GDP in the U.S. increasing at an annual rate of 1.0 per cent in the fourth quarter of 2000 compared to 2.2 per cent in the third quarter, and recent slowdown in the manufacturing sector, concerns remain about the U.S. economy over the short-run. Meanwhile, Canada saw it's economy growing at a 3.2 per cent annual rate as of January 2001, with many indicators remaining strong.

Despite the latest GDP growth figures, the Canadian economy, notably the manufacturing sector is feeling the effects of the U.S. slowdown. The U.S. and Canadian slowdown will extend through the first half of 2001, with growth picking up by year end as a result of lower interest rates. Expect 3 per cent growth in Canada in 2002

Mortgage Rates

Inflation concerns have been replaced by those related to the slowing of the economy, leading to an easing of interest rates in Canada and the U.S. earlier this year. Expect mortgage rates to ease further this year and remain low in the next. Through the end of 2002, look for one-year rates in the 6.25-7.25 per cent range, three-year rates between 6.5 and 7.5 per cent, and five-year rates from 6.75 to 7.75 per cent.

Consumers

Although consumer confidence indices decreased marginally in the first quarter, retail trade and consumer expenditure were both up by the end of 2000 and should remain strong given a backdrop of rising disposable incomes and tax cuts. Recent volatility in equity markets could produce some uncertainty but should not unduly dampen the mood of consumers.

Employment and Incomes

In 2000, Canada continued to see healthy labour markets with significant employment gains in the second half of the year. Due to lagged effects, housing demand will be supported by the strong job creation of the past two years.

So far in 2001, job gains were seen across most areas of the economy, with the majority of increases in part-time jobs. With economic growth moderating, expect employment growth of 1.7 this year, rising slightly to 1.8 in 2002. Productivity gains, reflecting strong business investment, are containing per-unit production costs and allowing wages to rise.

Thanks to job growth, wage gains, and tax cuts, look for robust disposable income growth this year and next. The federal governmen's five-year tax cut package, taking effect this year, will be positive in this regard.

Migration

Immigration has rebounded after falling in 1998. Net international migration rose in 2000 to over 161,000 and is expected to remain strong in 2001. Increased arrivals will mainly benefit construction in the four largest provinces. Since immigrants tend to rent when first arriving, housing markets will also benefit from the large influx of immigrants in the early 1990s, many of whom will be looking to buy homes in coming years.

In 2000, Alberta and Ontario were the top destinations for interprovincial migrants. Look for these two provinces to keep attracting migrants in coming years, while outflows from B.C. and Quebec continue.

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Trends at a Glance

Key factors and their effects on home building

Factor	Comment	Impact 2001	Impact 2002
Mortgage rates	Easing this year and staying low next year.	👍	👍
Employment	Past gains continue to fuel housing demand. Modest gains in 2001 and 2002.	👍	👍
Incomes	Will benefit from healthy labour market and tax cuts.	👍	👍
Net migration	Higher in both 2001 and 2002.	👍	👍
Household formation	Should increase as a result of improved net migration and job and income gains. More individuals and families can afford to live independently.	👍	👍
Consumer confidence	Expected to stay near current high levels.	👍	👍
House prices	Rising prices stimulate construction, while affordability remains high given income gains and lower mortgage rates.	👍	👍
Unoccupied units	Low inventories a positive signal to builders.	👍	👍
Vacancy rates	Low rates trigger multiple construction.	👍	👍
Construction costs	Increasing labour costs expected to out-weigh moderating material costs.	👎	👎
Profits	House prices expected to rise faster than combined costs of labour and materials.	👍	👍

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Special Report: Medium-Term Forecast

From now until 2005, new home construction will benefit from favourable economic conditions and steady international immigration. In the short term, most provincial housing markets will manage to get through the economic slowdown without much difficulty.

Due to a work stoppage that disturbed the Toronto market at a critical time in the spring, housing starts were disappointing in 2000 in relation to expectations that had been motivated by a very favourable economic context. As a result, 151,653 units (+1.1 per cent) were started in Canada during 2000. In 2001,

New and Unnocupied Dwellings

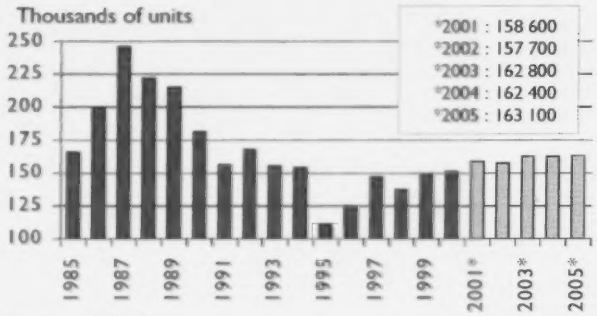
Source : CMHC

housing markets will again be supported by the small inventory of new homes and the low rental housing vacancy rates in most metropolitan areas. Despite the U.S. economic slowdown, housing demand is sufficiently strong in Canada for the residential construction sector to post a gain this year. In fact, the housing market has rarely been so well prepared to absorb an economic shock, with the drop in mortgage rates and household income still on the rise due to tax cuts.

Major indicators

A few concerns subsist for 2002: the growth in housing demand will take a break, as a slowdown in job creation in 2001 will be felt on housing starts, particularly in Ontario. Our housing starts forecast nevertheless reflects our expectations of a recovery in economic growth in North America as of 2002. The Canadian GDP growth rate should go back up to at least 3.0 per cent starting in 2002. After the current economic slowdown, the unemployment rate should resume its downward course and reach approximately 6.7 per cent in 2005. Employment growth will speed up, after bottoming out this year at 1.7 per cent, peaking at a pace of 2.2 per cent in 2005.

Total Housing Starts, Canada

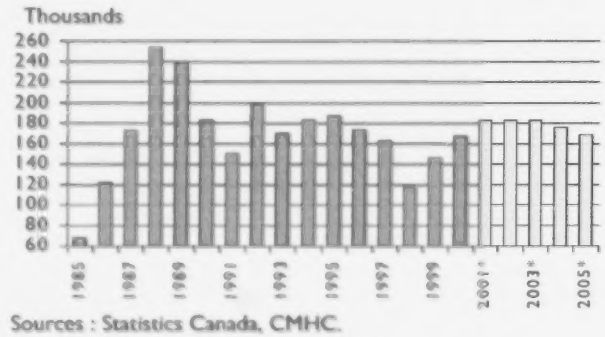


Source : CMHC.
* forecast.

High level of immigration

Our housing starts forecast is also based on a continued high level of international immigration. With annual immigration targets having been raised to 235,000 persons, and labour shortages prevailing in several business sectors, immigration will play a key role in the housing demand trend over the next few years. Ontario and, to a lesser extent, British Columbia, Quebec and Alberta, the main destinations of international migrants, will see this as stimulating their housing markets. Total net migration levels should hover between 165,000 and 185,000 people until 2005.

Total Net Migration, Canada



Sources : Statistics Canada, CMHC.
* Forecast.

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Regional details

The strength in residential construction will not be felt to the same degree in all provinces over the next five years. The growth expected through 2002 will be mainly attributable to Ontario, which should receive a large contingent of interprovincial and international migrants. British Columbia will then take the lead as the economic health of its traditional export markets recovers.

Newfoundland

Despite the rapid economic growth owing to the development of the oil industry, labour market conditions remain weak, resulting in a continuation of Newfoundland residents leaving the province over the next few years. Still, the major energy projects should stabilize housing demand at healthy levels.

Prince Edward Island

Like the other Atlantic provinces, Prince Edward Island will have to face the aging of its population over the next few years. This phenomenon will be all the more appreciable in that the province receives a significant number of retirees from other provinces. The current housing stock on the Island is not meeting the needs of these growing groups, and a strong demand for apartments and row homes is expected.

Nova Scotia

Residential construction will be stable in Nova Scotia over the next two years, before picking up again as of 2003 as a result of the expected rise in household disposable income and the development of new energy resources.

New Brunswick

The spin-offs from the development of gas pipelines should soon take over from a series of major job sites coming to an end in the province. New Brunswick continues to face the challenge of its young people emigrating, but this is being offset by the arrival of households aged over 45 years whose housing needs represent many opportunities for the province's industry.

Quebec

The Quebec economy will remain healthy thanks to an increasingly diversified industrial structure. In the short term, low inventory levels will limit the effects of the American economic slowdown. Housing starts should rise until 2003 before falling back down on account of declining household formation.

Ontario

With its great appeal to immigrants and powerful economy, Ontario will post over 70,000 housing starts per year until 2005. The different international immigration scenarios retained for Ontario's demographic projections over the next five years show that household formation will range from 60,000, for a weak scenario, to 85,000, in the case of a strong scenario. International migration inflows close to current levels would allow for the formation of 74,000 households per year.

Total Housing Starts, Canada and provinces

	1999	2000	2001*	2002*	2003*	2004*	2005*
Newfoundland	1 371	1 459	1 550	1 575	1 550	1 575	1 600
Prince Edward Island	616	710	675	670	625	650	700
Nova Scotia	4 250	4 432	4 000	4 000	4 250	4 500	4 650
New Brunswick	2 776	3 079	3 035	2 975	2 850	3 000	2 800
Quebec	25 742	24 695	26 200	26 500	26 700	26 300	26 000
Ontario	67 235	71 521	76 000	74 000	77 000	75 000	73 000
Manitoba	3 133	2 560	2 635	2 900	2 700	2 780	2 800
Saskatchewan	3 089	2 513	2 850	3 000	2 750	2 850	2 850
Alberta	25 447	26 266	26 150	25 775	25 400	25 750	25 700
British Columbia	16 309	14 418	15 500	16 300	19 000	20 000	23 000
Canada	149 968	151 653	*158 600	*157 700	*162 800	*162 400	*163 100

*** Forecast. Totals rounded**

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Manitoba

Manitoba's diversified economy and slightly negative, but stable, net migration level will allow this province to record an annual level of housing starts very close to the 3000-unit mark until 2005.

Saskatchewan

Although it will post slower growth than the Canadian average, the Saskatchewan economy will continue to create jobs over the next few years and, by the same token, reduce its migration deficit in relation to the other provinces. As a result, housing starts will keep hovering around 3,000 units over the next five years.

Alberta

In a strong position on account of its average economic growth of 3.5% until 2005 and counting on the expansion of its oil sector, Alberta will continue to attract a large contingent of national and international migrants. Its competitive tax environment and dynamic labour market will also favour economic growth and household formation, and this should bring about strong housing demand over the next few years.

British Columbia

The residential construction recovery will be slow in British Columbia. The province will have to contend with neutral or slightly unfavourable interprovincial migration flows, which is partly due to the province's economic conditions relative to its two main competitors: Alberta and Ontario. From now until 2005, the development of resorts and niches such as retirement housing and upscale properties have the greatest growth potential, while resource area markets will remain weak.

Forecast risks

The main risk associated with the performance of Canadian housing markets resides in the pace at which the American economy will grow over the next five years. Although a rapid recovery of the U.S. economy is expected, should it stagnate for a longer than expected period, the Canadian economy and housing markets would end up sustaining more significant adverse effects. The following are other factors that could make conditions gloomier on Canada's housing markets:

- **Lower than expected international migration.** A lower net migration level would dampen housing activity in British Columbia and Ontario.

- **Oil crisis.** A new and persistent increase in oil prices would have repercussions on production costs, inflation and the economy in Ontario and Quebec in particular while, on the contrary, Newfoundland and Alberta would do well.

- **Labour conflicts.** As was observed in 1998 and 2000, selective work stoppages are possible and have a significant impact on annual forecasts, but without affecting demand over the longer term.

- **Trade disputes with the United States.** The terms and conditions of softwood lumber trade with the United States would most likely affect both the price of materials used in residential construction and the economic vitality of many resource areas across Canada. The impact of potential retaliatory measures on Canadian lumber on the part of the United States would be limited, however, to certain resource areas.

A repeat of the late 1980's boom is not expected

The annual volume of starts will not return to the levels recorded in the late 1980s, at the height of the previous economic cycle. Market participants should consider a performance of around 160,000 starts per year as a good one, given the following projected demographic and housing construction trends:

- The late 1980s marked the massive arrival of young baby boomers on the real estate market, with a resulting high level of new household formation. Conversely, the period from 1996 to 2001 was characterized by an annual decrease of about 40,000 households in the prime age group of 25 to 34 years. For the period from 2001 to 2006, there will be few new households in this key age group.

- The end of the 1980s also featured a large increase in international immigration in Canada. While an average of 135,000 immigrants were admitted into Canada between 1973 and 1984, this level jumped to 208,000 persons on average between 1987 and 1993, the year when the peak of 255,000 newcomers was reached. Immigration should remain at the upper end of the target range of 235,000 immigrants per year.

- The housing market no longer builds up inventories as it did during the period from 1987 to 1992. While it may not generate large starts figures, this tighter management of the supply smooths out fluctuations related to economic cycles.

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British Columbia

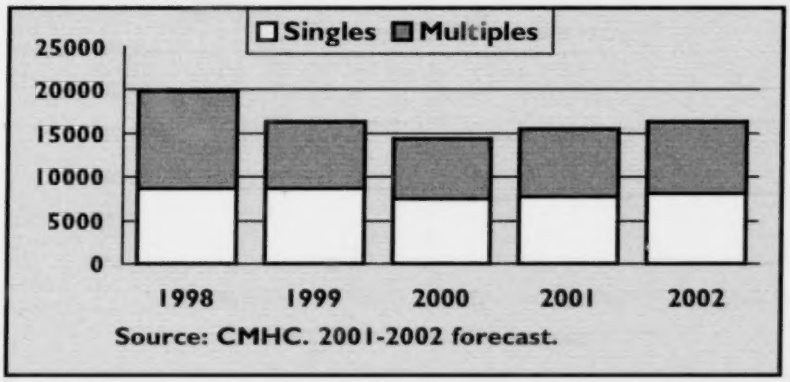
Overview

Modest recovery expected in 2001.

Housing starts will rise in B.C. as market conditions have bottomed out and demand is picking up. Invigorated by declining mortgage rates, an increasing number of first-time buyers will look for opportunities to shift from rental housing to homeownership. Look for developers to respond by supplying more starter housing aimed at young couples.

While most prospective buyers favour single-detached homes, those wanting to live in central locations will likely have to settle for multiple housing, since prices of single homes in urban markets are beyond the reach of most first-time buyers. Growing consumer interest in condominiums will result in a recovery in the multiple-family housing market. In addition, there is currently stronger market interest in supplying purpose-built rental housing.

B.C. Starts



Source: CMHC. 2001-2002 forecast.

Demand for high quality, new housing will persist. These units have very high finishings and are typically priced at, or above, the $500,000 mark. The strongest markets for condominiums include urban waterfront locations of **Vancouver** and **Victoria**. West Vancouver, North Vancouver and Vancouver's west side are preferred markets for custom-made single-detached homes. **Kelowna** will continue to attract buyers for high-end properties located next to golf courses. In **Whistler**, "quarter-share" condominiums and top-quality, single-detached homes priced near the $1 million mark will have strong market appeal.

In Detail

Single Starts: Starts should turn up in 2001 as developers look to build more affordable starter homes on small 25 - 30 foot lots in suburban markets. The high end of the market and custom homes will increase in popularity as baby boomers look to build their dream homes.

Multiple Starts: Multiple starts will also begin to rise this year, but levels are down by more than 50 per cent from the mid-1990s. Demand for low-rise, wood-frame products is still weak, but demand is growing for high-rise and town home condominiums. A revival of rental construction will contribute to the growth in multiple starts.

Resales: The MLS market should hold its own in the next two years. Any increase in sales will come from first-time buyers taking advantage of low mortgage rates. Demand from other groups, such as baby boomers, move-up buyers, and new immigrants will remain relatively unchanged.

Prices: With demand rising, vacancy rates low, and mortgage rates falling, prices will continue to rise in 2001. Modest gains in average resale prices will ensure that B.C. remains the most expensive place to live in Canada.

Spotlight on RENTAL HOUSING

Rental vacancy rates fell by more than 50 per cent in most neighbourhoods of B.C.`s principal urban markets. Vancouver and Kelowna are the two tightest markets in the province with some sub-markets recording few vacant units for rent.

Developers report that there are currently two sources of strong demand for rental housing: younger households with maintainers aged 18 to 30 and older households with maintainers aged 65 and over.

New rental supply will be geared toward smaller units with a high level of amenities located close to transit. Inclusion of pre-wired internet connection in the rent is expected to become as common a practice as providing a refrigerator or range.

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Alberta

Overview

Housing market maintains solid performance.

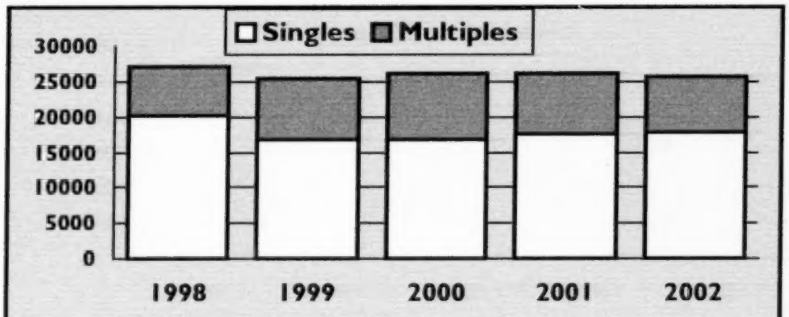
A key indicator of the health of an economy is the state of its labour market. Currently, this market is recording its best performance in nearly 20 years. During the fourth quarter of 2000, the unemployment rate in Alberta averaged 4.6 per cent, more than two percentage points lower than the national average of 6.9 per cent.

The labour market will continue to benefit from favourable economic factors over the next two years. Thanks to firm oil and natural gas prices, increased manufacturing exports, and strong levels of domestic consumer demand, the economy will continue to expand faster than the national average in 2001 and 2002.

The province's robust labour market, vis à vis other provinces, will continue to attract workers from other parts of the country and the rest of the world. It is anticipated that over 40,000 people will move to Alberta by the end of 2002. **Edmonton** and **Northern Alberta** will compete with **Calgary** for these new residents.

The favourable job market, continued high levels of migration, increases in disposable income due to tax cuts, and lower mortgage rates will maintain demand for new and resale housing. Consequently, these markets will perform close to, or slightly above, the levels seen over the past five years. About two-thirds of total starts and 80 per cent of resales will take place in **Calgary** and **Edmonton**.

Alberta Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: Construction in **Calgary** and **Edmonton** will remain close to levels seen over the past two years. Look for most of the gains in single starts to take place outside these two centres.

Multiple Starts: Consumers increasingly view multi-family homes as affordable alternatives to single-detached homes. As a result, multiple starts rose from about 22 per cent of total starts in 1996 to about 35 per cent in 2000. However, the surge in construction has led to higher inventory levels. Consequently, multiple starts will not match the performance of the past year, but construction will remain above the average of the past five years.

Resales: Strong consumer confidence, declining mortgage rates, and a greater selection of listings will contribute to strong sales. In addition, demand among first-time buyers will rise as landlords raise rents in response to higher electricity and gas prices. Look for a modest increase in resales to a new record this year.

Prices: Over the past year, most of the resale markets in the province have moved from favouring sellers to balanced conditions. Price gains are expected to moderate over the next two years. The average resale price in **Calgary** will continue to outstrip prices in **Edmonton** by over $50,000.

Spotlight on CONDOMINIUMS

It appears that the rise in the price of single-detached homes has not reduced the desire of Albertans to own their homes. Rather than remain in rental housing, an increasing number have chosen condominium ownership as an affordable alternative.

In 1990, condominium starts accounted for about 10 per cent of total urban starts. By the end of the decade, this share had risen to nearly 29 per cent. The share of rental starts remained stable at about five per cent over this period.

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Saskatchewan

Overview

Modest housing market recovery expected.

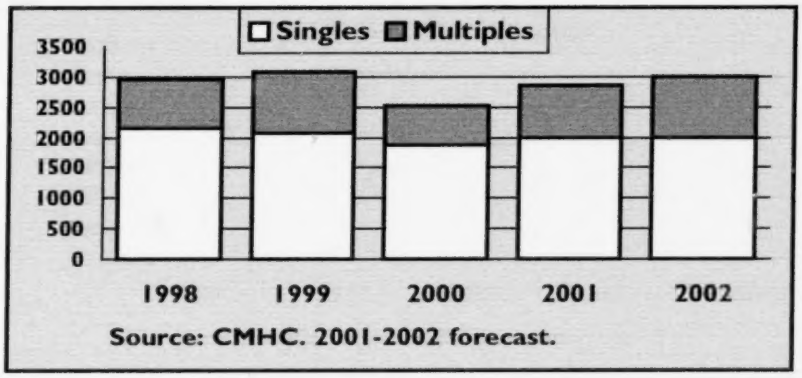
A tight labour market, a decline in taxes, and lower interest rates will have a positive impact on consumer confidence, spending, and housing. The rebound in housing starts, however, will be moderated by the province's economic outlook.

The manufacturing sector sounded a bright note for the economy in 2000. Total manufacturing shipments were up almost 17 per cent, with the United States accounting for a significant portion of the demand. Given the slowdown in the U.S. economy, the demand for manufactured goods is likely to slow from the pace of 2000, although the low value of the Canadian dollar should help support exports to the U.S.

There is also a potential decline in investment spending on the horizon. According to the most recent Statistics Canada survey of public and private investment intentions, overall capital spending in Saskatchewan is expected to decline by about one per cent in 2001.

Migration trends remain important to Saskatchewan housing, with net out-migration in 2000 exceeding 7,000 people. The outflow fuelled skilled labour shortages, affected school enrollments, cooled resale markets, and raised the provincial vacancy rate slightly. Net out-migration will continue over the next two years, although the pace should be slower than in 2000.

Saskatchewan Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: Starts will rise six per cent in 2001 and remain stable in 2002. Some builders are targeting first-time buyers and others seeking more affordable housing by offering smaller homes with modest features. Less expensive land in bedroom communities close to major centres has also allowed builders to deliver a more affordable product appealing to a larger number of buyers.

Multiple Starts: Multiple construction will recover from the low in 2000. The market for condominiums and assisted-living rental units suitable for retirees is small but growing, given the rising number of retirement-aged households looking for a more carefree lifestyle.

Resales: Higher out-migration and a fickle job market reduced resales last year. In addition, lower-priced new homes are providing home buyers with an alternative to the existing home market. Nevertheless, steady job growth and rising rents will bring about a return to sellers' market conditions in some resale markets in 2001 and 2002, while others will see balanced market conditions prevail. Resales will be flat overall.

Prices: Persistent shortages of good-quality resale homes will continue to contribute to price increases, although the pace has slowed in recent years. Look for moderation in vendor demands as buyers become more resistant to higher prices and many consider the alternative of purchasing a new home.

Spotlight on MIGRATION

A rise in out-migration in 2000 had a noticeable effect on rental and resale markets. At 7,350, the net loss of population was the largest since 1992. Before then, the province experienced net losses of less than 5,000 persons in 1999 and net in-migration of just over 500 persons in 1998.

We expect slowing economic growth in Alberta and a steady job market in Saskatchewan to reduce out-migration. An aging, less mobile population will further contribute to improved migration trends.

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Manitoba

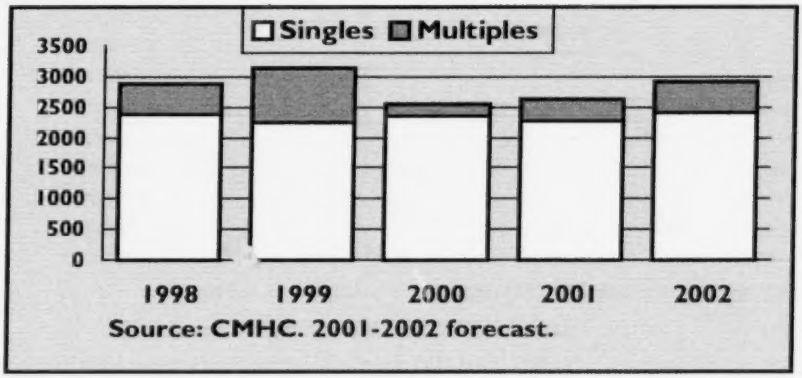
Overview

Focus remains on single-detached market.

Concern is rising over the slowdown in the U.S. economy, but a diversified economy and the low value of the Canadian dollar will help shield Manitoba from the American downturn. Economic growth will slow to about 2.5 per cent this year before recovering slightly to about 2.8 per cent in 2002.

Continued economic growth will translate into job gains and an unemployment rate that will remain close to or below the five per cent level. A shortage of skilled labour in key industries will put upward pressure on wages. The resulting wage gains combined with declining mortgage rates should have a beneficial impact on the demand for existing and new homes.

Manitoba Starts



Source: CMHC. 2001-2002 forecast.

Another positive for housing demand is improvement in net migration. In the past two years, gains through international migration have offset losses from interprovincial migration.

Most of the positive impact of higher incomes, lower mortgage rates, and improved migration levels will be felt in the single-detached market. Given the current lull in multi-family construction, it is quite unlikely that total starts will exceed the 3,000 mark, a level that has been reached only three times in the past 10 years.

In Detail

Single Starts: Strong demand from the resale market will continue to spill over into the new market. As a result, single starts will maintain the pace of the past three years. About 55 per cent of these starts will take place in **Winnipeg**.

Multiple Starts: After reaching a 10-year high in 1999, multiple starts dropped in 2000. Starts will rebound slightly this year and edge up closer to the average for the last ten years in 2002. Much of the demand for this type of housing will come from the life-lease market, which has been gaining in popularity for those aged 55 years and over.

Resales: MLS sales declined slightly last year due to a lack of listings. Although higher incomes and lower mortgage rates should spur greater interest in the resale market from first-time and move-up buyers, the ongoing shortage of listings will keep annual sales around the 11,000 mark over the next two years.

Prices: Manitoba has one of the most affordable resale markets in the country. An ample supply of homes at the lower end of the price range will limit price gains to annual increases of about one per cent.

Spotlight on MOVE-UP BUYERS

Since 1997, employment in Manitoba has increased by 28,000, while personal disposable income has risen by 12 per cent. The gains in jobs and incomes have spurred demand from move- up buyers.

Due to limited choice in the resale market, an increasing number of move-up buyers have begun to buy new homes. In 1997, about 30 per cent of new home sales took place in the $150,000 to $200,000 price range. In 2000, this share had increased to nearly 52 per cent.

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Ontario

Overview

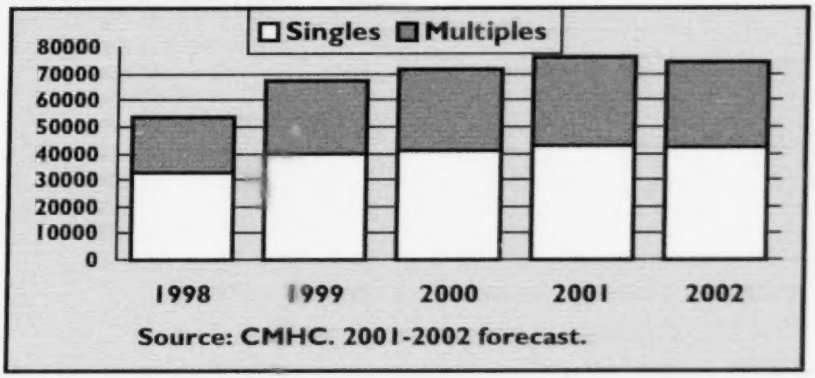
Housing demand holding up.

The housing sector has been resilient in the face of an uncertain economic environment induced by volatile stock markets and economic sluggishness in the United States. Construction has maintained a strong pace so far this year, with housing starts essentially flattening close to an eleven-year high.

After four years of rapid expansion, Ontario's economy has hit turbulence. Many leading indicators for Ontario flattened at high levels and edged lower in recent months. Expectations of auto sector layoffs and lower exports to the U. S. are a concern to Ontario's manufacturers.

Jobs dipped in February and will grow slower until low interest rates and a low Canadian dollar eventually lift employment. The impact of slower job growth will be felt with a lag and will likely linger next year.

Ontario Starts



Source: CMHC. 2001-2002 forecast.

Immigration will add to housing demand. Last year, the net gain reached levels not seen since 1989. Strong inflows of newcomers from abroad and from other parts of Canada will continue. Migrants usually take time to become established and tend to rent initially. Demand for ownership homes peaks several years after their arrival.

Housing starts will rise to 76,000 this year before retreating to 74,000 in 2002. Construction levels will approach, but will not attain, the peak reached in the 1980s boom years. Reasons for the lower construction peak include economic volatility and an older population which often already owns homes and moves less often.

In Detail

Single Starts: Single starts usually lag resale numbers by between three and seven months. With resales up so far this year, look for single starts to inch up this year before flattening next year.

Multiple Starts: Growth in multiple starts will outpace that of singles, a common development during periods when home prices move up. New multiple homes are an affordable substitute for single-detached homes. Condominium sales have been brisk. Most of the province's multiple construction will be in ownership homes: town homes and condominium apartments.

Resales: Low interest rates, affordable mortgage carrying costs, and tight rental markets will ensure strong first-time buyer activity. Move-up buyers will remain active.

Prices: Expect further price increases. High sales-to-new-listings ratios imply that resale markets are tight across most of Ontario. The strongest increases will be in the tightest resale markets — **Ottawa**, **Kitchener**, **Oshawa**, and **Toronto**. Price gains will be modest to moderate, slightly above the general rate of inflation.

Spotlight on OTTAWA

Ontario's hottest market

The Ottawa housing market shows few signs of slowing. Rental vacancy rates are the lowest in the country. Builders are operating at capacity just to satisfy demand from last year. Resale home markets are very tight, with monthly MLS sales at the end of 2000 surpassing new listings, an extremely rare occurrence. House price and rent increases have surpassed national averages.

Despite work-force adjustments in the high-tech sector, 2001 will be another year of strong growth in home sales and construction. Builders will construct several large new condominium projects in response to a resurgence in sales and prices of apartment condominiums.

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Quebec

Overview

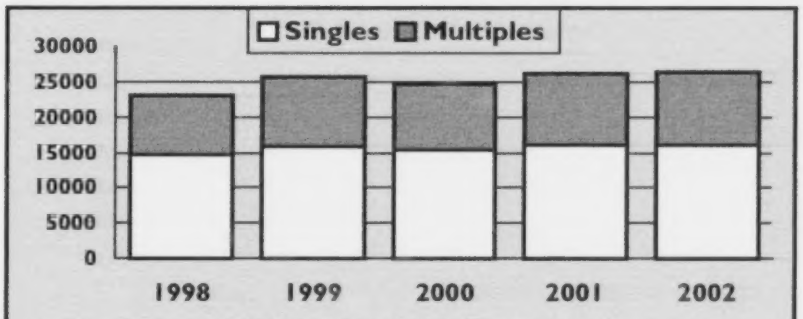
Residential construction will do well despite economic slowdown.

Residential construction will post gains both this year and next year. The solid performance of the labour market in the last few quarters and the depletion of the number of properties for sale and units for rent are factors that will support this increase.

In Quebec, the impact of the North American economic slowdown will be less significant than in the early 1990s since the province now exports more products that are less sensitive to economic cycles. Tax cuts will also help cushion the effects of the economic downturn. Economic growth will fall to 2.7 per cent in 2001 and then reach 3.0 per cent in 2002.

Over the next few years, job creation will remain positive, despite a slower pace. The unemployment rate will fall progressively, reaching 8.3 per cent in 2001 and 8.0 per cent in 2002. The rental market is very tight in Quebec with a vacancy rate of 2.2 per cent. In the three large metropolitan areas (**Hull**, **Montréal** and **Québec**), the vacancy rate is under 2.0 per cent, and a further decrease is anticipated in 2001 creating opportunities and launch new residential construction projects.

Quebec Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: Low inventories of new and existing homes, the good performance of the job market, increasing disposable income, and affordable mortgage rates will buoy residential construction. Starts will reach 16,000 units this year and 16,100 in 2002.

Multiple Starts: The low vacancy rate observed in Quebec will be the main incentive for multiple starts. The retirement home market is also favoured among investors, and this trend will be maintained over the next few years with the aging of the population. Thanks to improved demand for condominiums in Montréal, starts of this type of housing will peak in 2001 before slowing next year.

Resales: The number of properties for sale is down, and there is increasing pressure on prices. Sales will continue to rise over the next two years, but at a slower pace as a result of more moderate employment growth and a more limited choice on the existing home market. Here too, affordable mortgage rates will encourage households to become homeowners.

Prices: The resale market, increasingly favourable to sellers, will put upward pressure on the average price of existing homes, which will rise by 4.7 per cent this year and 4.3 per cent in 2002.

Spotlight on New and Unoccupied Home Inventory

In several metropolitan areas, the number of unoccupied units is at its lowest level in a decade. Whether they are undertaking single-detached houses, rental units or condominiums, builders seem cautious and want to make sure that their projects will be viable before launching them.

In Montréal, the number of completed but unoccupied units is four times lower than it was at the beginning of the decade. In fact, in December 2000, there were 1,413 vacant new dwellings in the area, well below the 6,625 units recorded in December 1990.

In the Québec metro area, this phenomenon is even more pronounced. In all, 169 new units were unoccupied in December 2000, nearly seven times fewer than the 1,121 units observed in 1990.

In these two cities, it was the rental sector that posted the greatest decreases over this period.

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New Brunswick

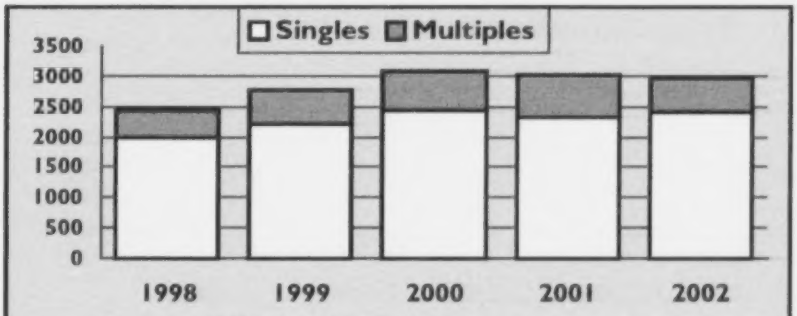
Overview

Healthy labour market and migration support housing demand.

Development of a pipeline network to transport natural gas from the Sable Island project to all regions of New Brunswick will continue over the next several years. However, expansion of the Irving Oil refinery is now completed, and work on the new Moncton-Fredericton highway is coming to an end. Winding down of mega-projects combined with weakening U.S. demand for manufactured goods and lumber products will produce more moderate economic growth this year and next year.

Employment growth over the forecast period will not match the pace set last year. Job growth will only reach 1.4 per cent in 2001 before slowing down to 0.9 per cent in 2002. Nonetheless, unemployment levels are near record lows in all three major centres. As a result, more and more employers will be recruiting outside the province to fill the 7,700 new jobs expected over the next two years. Positive net migration of 1,000 and 700 people in 2001 and 2002 respectively will help to sustain demand in the rental and new home markets. Expect total housing starts to exceed 3,000 units again this year before declining slightly in 2002.

New Brunswick Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: Despite a slight drop this year, construction will remain strong in historical terms. Thanks to an influx of workers in the southern regions of the province, new home construction will remain strong in all three major centres. Greater **Moncton** will continue to lead the province over the next two years, but expect growing demand for new homes in **Fredericton** and **Quispamsis**.

Multiple Starts: Record-low vacancies in all three major centres combined with strong demand will increase construction of multiple dwellings this year. Multiple starts are expected to rise to 700 units this year before dropping to 570 units in 2002.

Resales: Despite strong demand, in part due to in-migration, a slight drop in active listings will keep MLS sales from surpassing the record set last year. The industry will have to wait until 2002 before establishing a new record.

Prices: Strong demand and limited listings will produce modest price gains this year and next.

Spotlight on RENTAL MARKETS

Vacancy rates drop to record lows

Labour market conditions in all three major urban centres have attracted a large number of workers from all northern regions of the province. Rental demand has grown faster than supply. As a result, rental vacancy rates in October 2000 dropped to record lows of 3.7, 1.7, and 1.3 per cent in Saint John, Moncton, and Fredericton respectively.

Potential tenants will have to wait another 8 to 12 months before new rental projects come on the market. Furthermore, some apartment seekers should expect to pay higher rents since the currently proposed projects are all high-end units targeted to older age groups.

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Nova Scotia

Overview

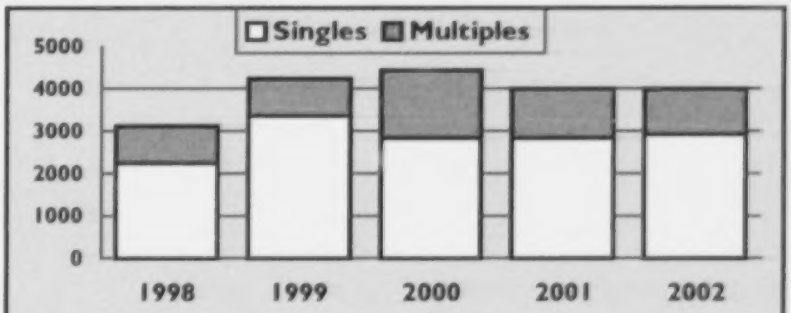
Slowing economy to cool housing market.

Housing market activity is expected to return to a more moderate pace this year after two strong years. The forecast lull will take place in a context of weaker economic and employment growth.

The slowdown in the U.S. economy is expected to affect output and job growth in the manufacturing and trade sectors and the key tourism industry. Adverse effects may spread to other parts of the service sector as the year progresses, ultimately reducing consumer confidence.

Look for housing starts to drop approximately ten per cent in 2001 as the multiple-unit construction level decreases back from 2000's peak and single starts stabilize after a 15 per cent decline last year. Robust new house price gains will continue as energy costs drive up some material and transportation costs and labour shortages persist through the summer and into the fall.

Nova Scotia Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: After a significant drop last year, expect a very modest decline in single starts this year. Look for improving affordability conditions to draw an increasing number of first-time home buyers out of rental accommodation. As demand shifts from move-up to first-time buyers, builders will adjust their product offerings in favour of modest homes targeted at cost-conscious consumers.

Multiple Starts: Expect multiple starts to return to more moderate levels in 2001 after an exceptionally high output last year. A combination of improving home ownership affordability and the substantial increase in rental supply over the past 12 months is expected to raise vacancy rates and cap the potential for new apartment development, while accelerating the current shift from rental to condo construction.

Resales: Demand will shift from move-up buyers to first-time buyers. An ongoing scarcity of active listings, which have stabilized at near-record-low levels, will continue to limit choice for prospective buyers. After a modest drop last year, look for a similar decline in existing home sales this year and flat sales next year.

Prices: The re-emergence of first-time home buyers and slowing MLS sales will hold price growth in check this year at a rate of 2.5 per cent — well below the average pace of 6.6 per cent posted over the past two years.

Spotlight on FIRST TIME BUYERS

Home ownership conditions improving

Market conditions over the past two years encouraged many potential first-time buyers to rent until conditions improved. A combination of falling mortgage rates, slower house price growth, and rising disposable incomes are now acting in concert to improve home buying.

Results of the CMHC report *Consumer Intentions to Buy or Renovate a Home - Halifax 2000* show that 62 per cent of those who intend to buy a home in Halifax this year are currently renting. Furthermore, six per cent of all renter households in Halifax are ready to buy now.

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P.E.I.

Overview

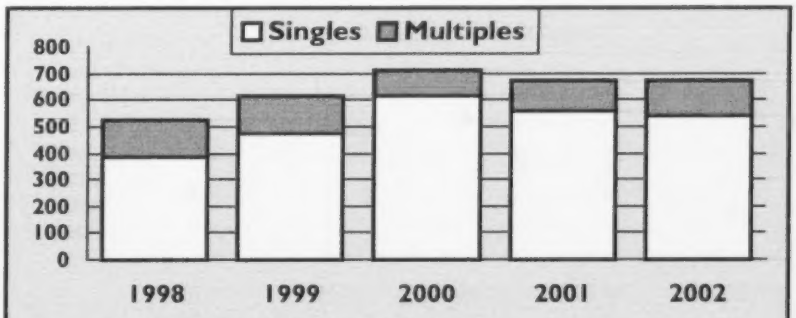
Positive net migration helps buoy economy.

Last year, Prince Edward Island posted the strongest employment growth in Canada, at 5.4 per cent. This gain, combined with a record-setting year for single starts, should help carry momentum into 2001.

P.E.I. continued to see job gains in the first few months of 2001. Employment growth is expected to remain positive at 1.5 per cent this year and 1.1 per cent for 2002.

Expansion of several key industries related to the new economy will continue to generate job opportunities and attract migrants to both rural and urban areas. With more islanders looking for jobs and net migration remaining positive, the labour force will expand, but growth is not expected to keep pace with employment gains. As a result, expect the unemployment rate to drop by half a percentage point to 11.5 per cent this year and to 11.3 per cent in 2002.

P.E.I. Starts



Source: CMHC. 2001-2002 forecast.

Given the slowing U.S. economy and the partially lifted U.S. ban on P.E.I. potatoes, economic growth is expected to slow to 2.7 per cent this year, from 4.0 percent the previous year. Look for a further decline in 2002 to 2.5 per cent as tourism and in-migration slacken.

Overall, starts are expected to drop modestly in 2001 and 2002. A rise in multiple starts will partially offset a decrease in single starts.

In Detail

Single Starts: As the economy slows, look for single starts to fall in 2001 and again in 2002. High but declining in-migration over the next two years will keep construction strong in historical terms.

Multiple Starts: Given tight rental market conditions in both **Charlottetown** and **Summerside**, developers will increasingly focus on multiple construction. Rental starts will rise significantly this year. Look for multiple starts to increase this year and next year.

Resales: Strong demand for existing homes in both rural and urban areas should allow MLS sales to match the record set last year. A slight dip is expected for 2002 as the economy slows and in-migration eases.

Prices: Strong demand for existing homes in the **Charlottetown** area combined with a shortage of houses available for sale at lower prices will boost average prices modestly this year and next year.

Spotlight on POTATO BAN

Island potatoes cleared by U.S.

After more than 6 months, the U.S. partially lifted the ban on PEI potatoes unexpectedly. This will allow the majority of the 600 farmers affected to start shipping potatoes to the U.S. and within Canada.

Despite the growing IT and tourism sectors, agriculture is still the mainstay of the PEI economy. News of the U.S border being reopened will have a positive impact on consumer confidence and stimulate the Island's economy. Expect this to have a positive effect on the Island's housing market over the mid-term.

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Newfoundland

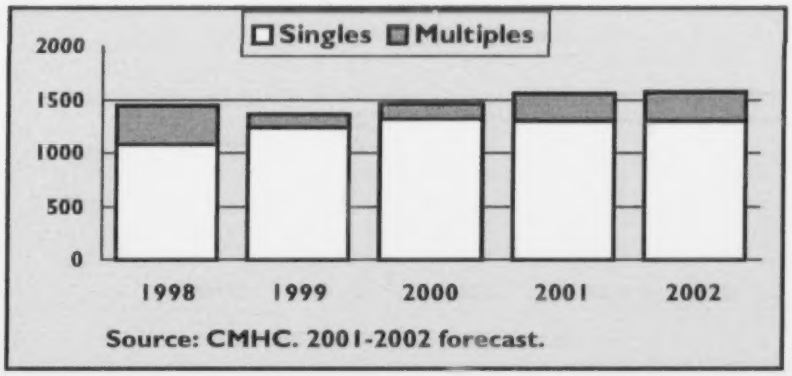
Overview

Income growth and increased oil production support economic and housing expansion.

With oil production continuing to increase and disposable incomes forecast to rise at healthy rates, the outlook for the economy remains positive.

Delays and cost overruns on Terra Nova will benefit local labour markets in 2001 as workers stay on to complete the project. Full-year production from Terra Nova in 2002 combined with steady gains in Hibernia output and an anticipated start on the White Rose development will give the economy a boost this year and next. Moreover, recent developments have breathed new life into possible startup of the Voisey's Bay project. A decision to proceed would present upside risk to the forecast.

Newfoundland Starts



Source: CMHC. 2001-2002 forecast.

Oil industry expansion combined with growth in high-tech and other service-based industries will contribute to employment gains of around 1.0 per cent annually. Higher disposable incomes coupled with rising employment and low interest rates will maintain healthy housing demand, particularly in the **St. John's** region. The provincial government's decision to transfer 275 positions **outside St. John's** will provide a modest boost to housing demand in other urban centres, but rural areas will see few housing starts given the effects of population losses and fisheries restructuring.

In Detail

Single Starts: Starts should remain relatively flat over the next two year as gains in urban centres are offset by weakness in rural areas. Nevertheless, single starts will still be well above the average of the last half of the 1990s. A harsh winter impeded activity early this year, forcing builders to play catch up over the final three quarters of 2001.

Multiple Starts: The vacancy rate in St. John's fell in the past three years. Rates in most other urban centres also declined last year. Thanks to tighter markets and steadily rising demand from an expanding seniors population, rental construction is forecast to pick up. Multiple construction will also be bolstered by demand from move-up buyers and seniors looking to purchase mid- to high-priced condominiums.

Resales: Despite the severe winter, home buyers remained active, as MLS sales have kept up with the record pace of last year. Improving weather will stimulate more listings and sustain sales this year. Realtors on the province's west coast are now expected to join the MLS system this year lifting sales slightly higher than previously forecast.

Prices: Average MLS prices will continue to set records, with modest gains reflecting strong demand and a continuing shift towards sales of higher priced homes.

Spotlight on the RESALE MARKET

The resale market, as measured by MLS sales, posted its fifth straight increase in 2000, setting records in each of the past two years. MLS prices also posted a record for the second year in a row, as fewer listings and sustained strength in move-up activity pushed the average price up 5.5 per cent.

The growth in sales since 1995 largely reflects strong economic recovery in the St. John's region. Healthy job growth and immigration associated with the expanding oil and high-tech industries have been the major drivers behind the prolonged upturn.

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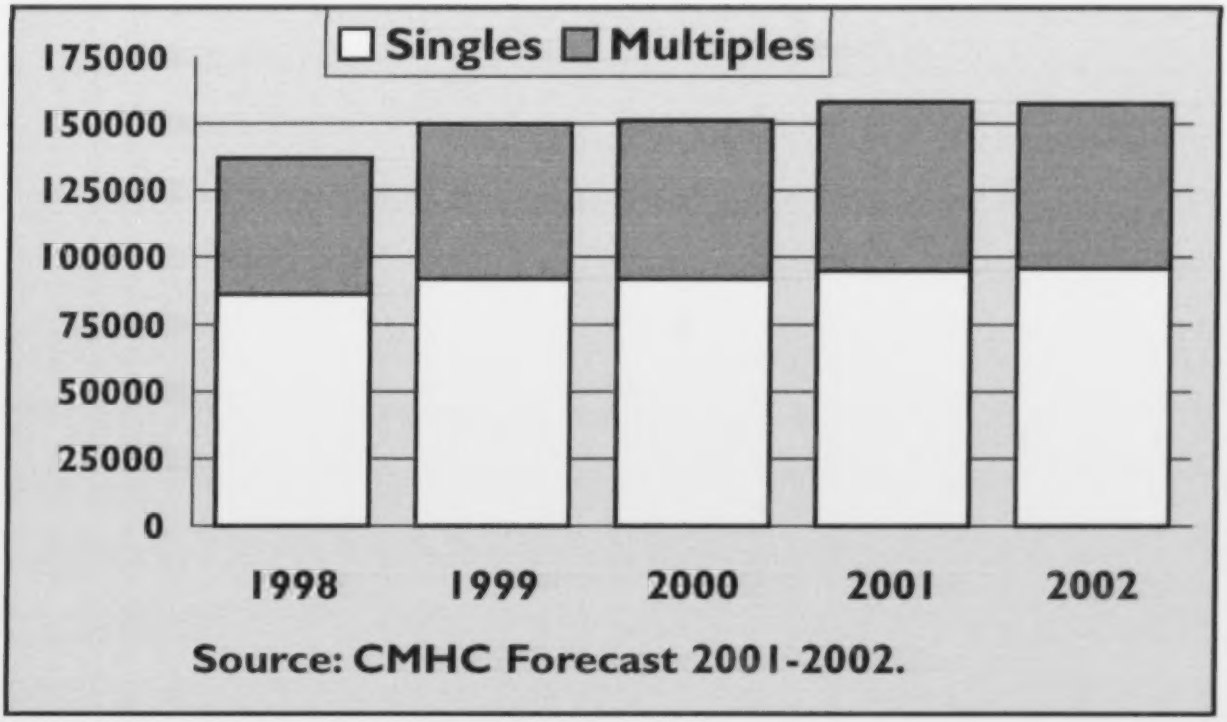
Canada Starts



Total Housing Starts
(units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	**2034**	**1696**	**1450**	**1371**	**1459**	**1550**	**1575**
%	18.8	-16.6	-14.5	-5.4	6.4	6.2	1.6
PEI	**554**	**470**	**524**	**616**	**710**	**675**	**670**
%	31.3	-15.2	11.5	17.6	15.3	-4.9	-0.7
NS	**4059**	**3813**	**3137**	**4250**	**4432**	**4000**	**4000**
%	-2.6	-6.1	-17.7	35.5	4.3	-9.7	0.0
NB	**2722**	**2702**	**2447**	**2776**	**3079**	**3035**	**2975**
%	18.3	-0.7	-9.4	13.4	10.9	-1.4	-2.0
QUE	**23220**	**25896**	**23138**	**25742**	**24695**	**26200**	**26500**
%	6.1	11.5	-10.7	11.3	-4.1	6.1	1.1
ONT	**43062**	**54072**	**53830**	**67235**	**71521**	**76000**	**74000**
%	20.2	25.6	-0.4	24.9	6.4	6.3	-2.6
MAN	**2318**	**2612**	**2895**	**3133**	**2560**	**2635**	**2900**
%	18.1	12.7	10.8	8.2	-18.3	2.9	10.1
SASK	**2438**	**2757**	**2965**	**3089**	**2513**	**2850**	**3000**
%	43.2	13.1	7.5	4.2	-18.6	13.4	5.3
ALTA	**16665**	**23671**	**27122**	**25447**	**26266**	**26150**	**25775**
%	19.8	42.0	14.6	-6.2	3.2	-0.4	-1.4
BC	**27641**	**29351**	**19931**	**16309**	**14418**	**15500**	**16300**
%	2.2	6.2	-32.1	-18.2	-11.6	7.5	5.2
CAN	**124713**	**147040**	**137439**	**149968**	**151653**	***158600**	***157700**
%	12.4	17.9	-6.5	9.1	1.1	4.6	-0.6

Source: CMHC Forecast 2001-2002.
(F) Forecast.
*** Total does not add due to rounding.**

Single-detached Starts
(units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	1395	1220	1086	1233	1315	1300	1300
%	19.7	-12.5	-11.0	13.5	6.7	-1.1	0.0
PEI	430	374	387	472	614	555	535
%	18.1	-13.0	3.5	22.0	30.1	-9.6	-3.6
NS	3278	2939	2257	3345	2856	2825	2925
%	7.8	-10.3	-23.2	48.2	-14.6	-1.1	3.5
NB	2173	2125	1989	2201	2442	2335	2405
%	26.2	-2.2	-6.4	10.7	10.9	-4.4	3.0
QUE	14818	16073	14685	15798	15349	16000	16100
%	10.4	8.5	-8.6	7.6	-2.8	4.2	0.6
ONT	27019	35401	32737	39421	41087	42700	42000
%	34.3	31.0	-7.5	20.4	4.2	3.9	-1.6
MAN	1875	2019	2368	2231	2348	2265	2400
%	19.9	7.7	17.3	-5.8	5.2	-3.5	6.0
SASK	1612	1954	2154	2070	1890	2000	2000
%	20.2	21.2	10.2	-3.9	-8.7	5.8	0.0
ALTA	12949	18170	20077	16688	16835	17500	17700
%	28.3	40.3	10.5	-16.9	0.9	4.0	1.1
BC	12447	12911	8691	8731	7448	7700	8100
%	7.5	3.7	-32.7	0.5	-14.7	3.4	5.2
CAN	77996	93186	86431	92190	92184	*95200	*95500
%	21.1	19.5	-7.2	6.7	-0.0	3.3	0.3

Source: CMHC Forecast 2001-2002.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	639	476	364	138	144	250	275
%	16.8	-25.5	-23.5	-62.1	4.3	73.6	10.0
PEI	124	96	137	144	96	120	135
%	113.8	-22.6	42.7	5.1	-33.3	25.0	12.5
NS	781	874	880	905	1576	1175	1075
%	-30.8	11.9	0.7	2.8	74.1	-25.4	-8.5
NB	549	577	458	575	637	700	570
%	-5.0	5.1	-20.6	25.5	10.8	9.9	-18.6
QUE	8402	9823	8453	9944	9346	10200	10400
%	-0.7	16.9	-13.9	17.6	-6.0	9.1	2.0
ONT	16043	18671	21093	27814	30434	33300	32000
%	2.2	16.4	13.0	31.9	9.4	9.4	-3.9
MAN	443	593	527	902	212	370	500
%	11.0	33.9	-11.1	71.2	-76.5	74.5	35.1
SASK	826	803	811	1019	623	850	1000
%	128.8	-2.8	1.0	25.6	-38.9	36.4	17.6
ALTA	3716	5501	7045	8759	9431	8650	8075
%	-2.5	48.0	28.1	24.3	7.7	-8.3	-6.6
BC	15194	16440	11240	7578	6970	7800	8200
%	-1.8	8.2	-31.6	-32.6	-8.0	11.9	5.1
CAN	46717	53854	51008	57778	59469	*63400	*62200
%	0.4	15.3	-5.3	13.3	2.9	6.6	-1.9

Source: CMHC Forecast 2001-2002.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type

		1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NF	Semi-detached	141	158	163	50	44	40	50
	Row	40	18	20	9	23	60	50
	Apartment	458	300	181	79	77	150	175
	Total	639	476	364	138	144	250	275
PEI	Semi-detached	10	12	28	32	46	40	25
	Row	68	43	10	31	21	10	10
	Apartment	46	41	99	81	29	70	100
	Total	124	96	137	144	96	120	135
NS	Semi-detached	447	303	290	218	266	225	225
	Row	59	58	89	29	17	25	50
	Apartment	275	513	501	658	1293	925	800
	Total	781	874	880	905	1576	1175	1075
NB	Semi-detached	138	106	106	134	113	50	110
	Row	92	132	89	94	26	65	60
	Apartment	319	339	263	347	498	585	400
	Total	549	577	458	575	637	700	570
QC	Semi-detached	2384	2767	1930	1586	1291	1250	1250
	Row	1094	1433	1074	1184	858	850	850
	Apartment	4924	5623	5449	7174	7197	8100	8300
	Total	8402	9823	8453	9944	9346	10200	10400
ON	Semi-detached	3348	4299	4575	6445	7167	7600	7700
	Row	8124	9964	10073	10425	10846	10600	10800
	Apartment	4571	4408	6445	10944	12421	15100	13500
	Total	16043	18671	21093	27814	30434	33300	32000
MAN	Semi-detached	126	143	131	90	52	70	90
	Row	113	96	81	151	63	95	130
	Apartment	204	354	315	661	97	205	280
	Total	443	593	527	902	212	370	500
SK	Semi-detached	134	160	174	155	148	150	200
	Row	193	352	222	104	173	200	200
	Apartment	499	291	415	760	302	500	600
	Total	826	803	811	1019	623	850	1000
ALB	Semi-detached	1049	1458	1428	1570	1518	1500	1525
	Row	1203	1691	1512	1424	1545	1200	1300
	Apartment	1464	2352	4105	5765	6368	5950	5250
	Total	3716	5501	7045	8759	9431	8650	8075
B.C.	Semi-detached	1528	1979	1218	816	885	1000	1050
	Row	3364	3469	2117	1444	1675	1700	1750
	Apartment	10302	10992	7905	5318	4410	5100	5400
	Total	15194	16440	11240	7578	6970	7800	8200
CAN	Semi-detached	9305	11385	10043	11096	11530	*11900	*12200
	Row	14350	17256	15287	14895	15247	*14800	*15200
	Apartment	23062	25213	25678	31787	32692	*36700	*34800
	Total	46717	53854	51008	57778	59469	*63400	*62200

Source: CMHC Forecast 2001-2002.
* Total does not add due to rounding.

Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over							
		Rental/Co-op Private	Rental/Co-op Assisted	Total Rental	Condo	Other*	Total 10,000+	Other Areas	All Areas Total
NFLD	2000	0	0	0	15	101	116	28	144
	2001	140	0	140	60	40	240	10	250
	2002	150	0	150	85	30	265	10	275
PEI	2000	62	0	62	0	10	72	24	96
	2001	80	0	80	0	10	90	20	110
	2002	65	0	65	40	10	115	20	135
NS	2000	809	0	809	371	150	1330	246	1576
	2001	675	0	675	300	75	1050	125	1175
	2002	600	0	600	200	100	900	175	1075
NB	2000	354	0	354	41	180	575	62	637
	2001	480	0	480	80	90	650	50	700
	2002	350	0	350	60	110	520	50	570
QUE	2000	3721	0	3721	3697	1432	8850	496	9346
	2001	4200	0	4200	4000	1300	9500	700	10200
	2002	4650	0	4650	3750	1300	9700	700	10400
ONT	2000	2045	0	2045	13176	15157	30378	56	30434
	2001	3350	0	3350	15300	14500	33150	150	33300
	2002	3375	0	3375	14000	14500	31875	125	32000
MAN	2000	91	0	91	36	14	141	71	212
	2001	155	0	155	110	15	280	90	370
	2002	225	0	225	140	20	385	115	500
SASK	2000	26	0	26	471	78	575	48	623
	2001	75	0	75	600	100	775	75	850
	2002	90	0	90	700	120	910	90	1000
ALTA	2000	1255	0	1255	6141	888	8284	1147	9431
	2001	800	0	800	5975	700	7475	1175	8650
	2002	750	0	750	5600	650	7000	1075	8075
BC	2000	1055	524	1579	3978	809	6366	604	6970
	2001	1450	600	2050	4325	925	7300	500	7800
	2002	1500	800	2300	4400	950	7650	550	8200
CAN	2000	9418	524	9942	27926	18819	56687	2782	59469
	2001	11405	600	12005	30750	17755	60510	2895	**63400
	2002	11755	800	12555	28975	17790	59320	2910	**62200

Source: CMHC Forecast 2001-2002.
* Includes homeowner and unclassified units.
** Total does not add due to rounding.

MLS Total Residential Sales
(units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	2005	2170	2288	2437	2593	2675	2700
%	21.1	8.2	5.4	6.5	6.4	3.2	0.9
PEI	750	806	1125	1184	1206	1200	1150
%	57.6	7.5	39.6	5.2	1.9	-0.5	-4.2
NS	8372	7567	8052	8827	8429	8000	8100
%	19.3	-9.6	6.4	9.6	-4.5	-5.1	1.2
NB	4023	3941	3908	4080	4524	4500	4550
%	15.1	-2.0	-0.8	4.4	10.9	-0.5	1.1
QUE	39135	43463	45192	49792	53755	55300	55500
%	31.4	11.1	4.0	10.2	8.0	2.9	0.4
ONT	137921	140608	138463	148659	147036	151000	149000
%	31.4	1.9	-1.5	7.4	-1.1	2.7	-1.3
MAN	10965	11180	10762	11111	10612	11100	11100
%	12.5	2.0	-3.7	3.2	-4.5	4.6	0.0
SASK	8689	8346	8068	8053	7552	7500	7500
%	18.2	-3.9	-3.3	-0.2	-6.2	-0.7	0.0
ALTA	37485	43693	43383	42684	43311	44300	44300
%	28.8	16.6	-0.7	-1.6	1.5	2.3	0.0
BC	72182	68182	52910	58084	54179	55700	58000
%	24.3	-5.5	-22.4	9.8	-6.7	2.8	4.1
CAN	321527	329956	314151	334911	333197	*341300	*341900
%	27.7	2.6	-4.8	6.6	-0.5	2.4	0.2

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2001-2002.
(F) Forecast.
* Total does not add due to rounding.

MLS Average Residential Price
(dollars and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	93661	92226	91514	94359	99525	101000	102500
%	4.6	-1.5	-0.8	3.1	5.5	1.5	1.5
PEI	83922	86403	79577	82139	82883	84000	84500
%	13.7	3.0	-7.9	3.2	0.9	1.3	0.6
NS	93444	96693	97015	102628	110269	113000	115000
%	4.1	3.5	0.3	5.8	7.4	2.5	1.8
NB	84198	87204	86648	88072	91624	92500	94000
%	0.2	3.6	-0.6	1.6	4.0	1.0	1.6
QUE	98435	101715	103947	107501	111260	116500	121500
%	-0.3	3.3	2.2	3.4	3.5	4.7	4.3
ONT	155662	164382	167115	174049	183870	192000	199000
%	0.7	5.6	1.7	4.1	5.6	4.4	3.6
MAN	85318	85404	86419	84525	87884	88900	89800
%	4.2	0.1	1.2	-2.2	4.0	1.2	1.0
SASK	77478	83978	87577	91396	94047	99500	103500
%	5.0	8.4	4.3	4.4	2.9	5.8	4.0
ALTA	117673	124865	132905	139621	146258	150600	154500
%	2.5	6.1	6.4	5.1	4.8	3.0	2.6
BC	218687	220512	212045	215283	221371	227500	230000
%	-1.4	0.8	-3.8	1.5	2.8	2.8	1.1
CAN	150837	154644	152402	158126	164135	*170500	*175700
%	0.3	2.5	-1.4	3.8	3.8	3.9	3.0

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2001-2002.
(F) Forecast.
* Total does not add due to rounding.

Employment (annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	-3.7	1.2	2.6	5.5	-0.2	1.0	1.5
PEI	2.9	0.5	1.9	1.5	5.3	1.5	1.1
NS	0.2	1.6	3.8	2.4	2.7	1.2	1.3
NB	-1.2	1.5	2.3	3.3	1.8	1.4	0.9
QUE	-0.1	1.6	2.7	2.3	2.4	1.7	1.5
ONT	1.0	2.6	3.3	3.6	3.2	1.9	2.0
MAN	-0.1	1.3	1.9	1.3	2.2	1.1	1.8
SASK	-0.4	2.7	1.3	0.8	1.0	0.8	1.1
ALTA	2.9	3.5	3.9	2.5	2.3	2.0	1.9
BC	1.6	2.6	0.1	1.9	2.2	1.8	2.0
CAN	0.8	2.3	2.7	2.8	2.6	1.7	1.8

Source: Statistics Canada, CMHC Forecast 2001-2002.
(F) Forecast.

Unemployment Rate (per cent)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	19.3	18.6	18.0	16.9	16.7	16.3	15.6
PEI	14.8	15.4	13.9	14.4	12.0	11.5	11.3
NS	12.3	12.1	10.5	9.6	9.1	8.9	8.7
NB	11.6	12.7	12.2	10.2	10.0	9.7	9.6
QUE	11.9	11.4	10.3	9.3	8.4	8.3	8.0
ONT	9.0	8.4	7.2	6.3	5.7	6.2	6.6
MAN	7.2	6.5	5.5	5.6	4.9	5.0	4.8
SASK	6.6	5.9	5.8	6.1	5.2	4.9	4.8
ALTA	6.9	5.8	5.6	5.7	5.0	5.0	4.8
BC	8.7	8.4	8.8	8.3	7.2	7.2	7.2
CAN	9.6	9.1	8.3	7.6	6.8	7.0	7.0

Source: Statistics Canada, CMHC Forecast 2001-2002.
(F) Forecast.

Real Gross Domestic Product (annual per cent change)

	1996	1997	1998	1999	2000 (E)	2001 (F)	2002 (F)
NFLD	-4.2	1.1	6.0	6.0	5.2	3.0	5.0
PEI	3.2	-1.9	3.0	3.2	4.0	2.7	2.5
NS	0.3	3.2	3.0	5.2	2.7	1.9	2.1
NB	1.3	0.4	4.0	4.2	3.9	2.0	2.5
QUE	1.4	3.3	3.0	4.7	4.2	2.7	3.0
ONT	1.1	4.9	4.1	6.1	5.7	3.1	3.3
MAN	3.0	3.4	2.9	3.0	3.5	2.5	2.8
SASK	1.9	5.2	2.4	1.1	3.0	2.3	2.5
ALTA	2.4	7.5	3.7	2.5	6.5	4.1	3.5
BC	2.8	3.3	0.9	2.1	3.4	2.5	2.0
CAN	1.5	4.4	3.3	4.5	4.7	2.7	3.0

Source: Statistics Canada, CMHC Estimate 2000, CMHC Forecast 2001-2002.
(E) Estimate (for provinces only). (F) Forecast.

Total Net Migration* (persons)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	-7934	-8414	-7752	-2245	-3341	-2250	-2000
PEI	595	-232	56	916	403	750	550
NS	1599	527	302	2990	990	750	500
NB	-620	-1223	-2169	1293	866	1000	700
QUE	5422	-1981	475	4333	3486	1800	1000
ONT	84158	93877	70991	97202	123772	135000	133000
MAN	-1476	-4179	-1333	1757	752	-580	380
SASK	-588	-1473	507	-4599	-7350	-4140	-2000
ALTA	24722	40645	48882	23019	30121	23300	17700
BC	67505	44614	7703	21356	17892	27000	33000
CAN**	173383	162161	117662	146022	167591	182630	182830

Source: Statistics Canada, CMHC Forecast 2001-2002.
(F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS sales	MLS single-detached average price	*	Rental vacancy rate structures of 3 units +
Victoria	2000	872	531	-4.3	4508	251398		1.8
	2001(F)	945	550	-1.5	4835	255000		1.4
	2002(F)	990	560	1.5	4950	257500		1.0
Vancouver	2000	8203	3132	-1.0	20401	378130		1.4
	2001(F)	9000	3200	1.0	21600	390000		1.2
	2002(F)	9450	3350	2.0	22400	394000		1.0
Edmonton	2000	6228	4072	2.1	14189	124203	A	1.4
	2001(F)	6350	4150	3.0	14250	129000	A	1.5
	2002(F)	6400	4250	3.0	14150	133500	A	1.8
Calgary	2000	11093	6749	2.4	19828	176305	A	1.3
	2001(F)	10000	6600	2.5	19700	183000	A	1.8
	2002(F)	9600	6500	2.3	19600	190000	A	1.8
Saskatoon	2000	968	602	2.0	2758	112567	A	1.4
	2001(F)	1150	700	2.0	2700	118000	A	1.5
	2002(F)	1100	700	2.5	2800	121500	A	2.0
Regina	2000	615	459	2.6	2612	94518	A	1.4
	2001(F)	700	500	3.5	2500	97000	A	2.0
	2002(F)	700	600	3.5	2600	99000	A	2.4
Winnipeg	2000	1317	1210	2.8	9465	88553	A	2.0
	2001(F)	1475	1225	2.5	9660	89800	A	1.5
	2002(F)	1600	1275	2.5	9660	90850	A	1.5
Thunder Bay	2000	154	141	-1.3	1279	109811	A	5.8
	2001(F)	300	190	-0.5	1305	110909	A	4.0
	2002(F)	310	200	0.9	1344	112018	A	3.0
Sudbury	2000	173	169	-1.3	1825	109262	A	7.7
	2001(F)	206	180	-0.5	1900	109500	A	7.5
	2002(F)	221	190	0.9	1900	109750	A	7.0
Windsor	2000	2,382	1,748	0.7	4616	137453		1.9
	2001(F)	2,145	1,600	1.0	4550	137450		1.8
	2002(F)	2,100	1,650	1.0	4640	138825		2.0
London	2000	1713	1198	2.9	6505	134594		2.2
	2001(F)	1,800	1,140	2.2	6450	137000		1.9
	2002(F)	1,730	1,100	1.5	6300	138500		1.5
Kitchener	2000	3,509	2,261	4.0	4567	157386	A	0.7
	2001(F)	4,126	2,400	4.4	4575	165500	A	0.8
	2002(F)	4,231	2,450	4.0	4600	172500	A	1.2
St. Catharines-Niagara	2000	1,230	962	4.2	5405	130900		2.6
	2001(F)	4,451	1,000	1.0	5150	134450		2.3
	2002(F)	4,361	1,025	1.5	5275	137825		2.0
Hamilton	2000	3,108	1,884	2.5	10374	164168	A	1.7
	2001(F)	3,225	1,925	2.8	10450	168275	A	1.3
	2002(F)	3,510	1,975	3.3	10541	174150	A	1.4
Toronto	2000	38,982	17,119	2.7	58343	243255	A	0.6
	2001(F)	42,000	18,000	2.8	60000	253000	A	0.7
	2002(F)	39,000	16,500	1.7	58000	262000	A	0.8

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS sales	MLS single-detached average price	*	Rental vacancy rate, Structures of 3 units +
Oshawa	2000	2,874	2,152	n.a.	4401	164416		1.7
	2001(F)	2,950	2,200	n.a.	4300	170000		1.6
	2002(F)	2,600	2,100	n.a.	4200	175000		1.4
Ottawa	2000	5,786	3,494	7.3	12692	188752		0.2
	2001(F)	6,689	3,741	9.4	13820	202886		0.3
	2002(F)	7,186	3,916	5.9	14745	216682		0.5
Hull	2000	1224	768	n.a.	3230	91000	S	1.4
	2001(F)	1350	1075	n.a.	3000	94000	S	1.2
	2002(F)	1400	1030	n.a.	2850	96000	S	1.5
Montréal	2000	12766	6800	3.7	29555	132632	A	1.5
	2001(F)	14000	6950	5	31000	140750	A	1
	2002(F)	14000	6900	5	31200	150000	A	1
Trois-Rivières	2000	337	225	n.a.	860	78000		6.8
	2001(F)	410	230	n.a.	855	79500		6.2
	2002(F)	400	230	n.a.	855	80500		6.0
Sherbrooke	2000	515	283	n.a.	1114	91300	A	4.7
	2001(F)	560	320	n.a.	1200	92800	A	3.5
	2002(F)	600	270	n.a.	1150	92800	A	3.0
Québec	2000	2275	1262	2.1	6254	88996		1.6
	2001(F)	2350	1370	2.0	6450	91500		1
	2002(F)	2450	1375	2.2	6275	94000		1
Chicoutimi-Jonquière	2000	296	203	n.a.	785	82331	S	4.4
	2001(F)	325	215	n.a.	725	84250	S	4.2
	2002(F)	330	215	n.a.	700	86750	S	4.6
Saint John	2000	346	309	-0.3	1383	94511	A	3.4
	2001(F)	345	300	0.5	1450	92000	A	4.3
	2002(F)	365	310	0.2	1400	93000	A	4.6
Halifax	2000	2661	1373	3.3	5610	128003	A	3.6
	2001(F)	2325	1450	3.0	5475	127250	A	4.2
	2002(F)	2225	1575	2.5	5550	126500	A	4.5
St. John's	2000	935	825	2.2	2453	100763	A	3.8
	2001(F)	1000	825	2	2550	102000	A	3
	2002(F)	1025	800	2	2550	103000	A	3
Charlottetown	2000	318	264	1.8	497	103435	A	2.6
	2001(F)	340	260	1.7	480	105000	A	2.4
	2002(F)	345	240	1.7	470	106000	A	3.6
ALL METRO AREAS	2000	110880	60195	2.2	235509			1.6
	2001(F)	120517	62296	2.9	240930			1.3
	2002(F)	118229	61286	2.5	240705			1.3

*** Notes:**

A: Average MLS price for all dwelling types

S: Singles and semi-detached units

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2001-2002.
n.a.: data not available

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly per cent change)

	99:Q2	99:Q3	99:Q4	00:Q1	00:Q2	00:Q3	00:Q4	01:Q1
New housing								
Building permits, units, thousands	157.3	162.9	169.3	153.6	144.9	159.7	150.0	..
%	6.3	3.6	3.9	-9.3	-5.6	10.2	-6.1	..
Housing starts, total, thousands	148.7	147.0	156.4	160.5	141.8	156.6	154.2	163.0
%	2.0	-1.1	6.4	2.6	-11.7	10.4	-1.5	5.7
Housing starts, singles, thousands	91.5	93.3	95.8	100.4	89.8	92.1	91.5	98.3
%	5.9	2.0	2.7	4.8	-10.6	2.6	-0.7	7.4
Housing starts, multiples, thousands	57.2	53.7	60.6	60.1	52.0	64.5	62.7	64.7
%	-3.7	-6.1	12.8	-0.8	-13.5	24.0	-2.8	3.2
Housing completions, total, thousands	132.1	139.3	146.4	150.9	145.2	149.4	138.9	..
%	-10.1	5.4	5.1	3.1	-3.8	2.9	-7.0	..
New house price index, 1992=100	100.7	101.1	101.7	102.2	103.0	103.5	104.2	..
%	0.4	0.5	0.6	0.5	0.7	0.6	0.7	..
Existing housing								
MLS resales, units, thousands	350.8	344.1	326.4	338.9	328.7	332.2	333.0	..
%	9.8	-1.9	-5.1	3.8	-3.0	1.0	0.2	..
MLS average resale price, $C thousands	158.3	159.3	160.0	162.4	163.4	164.4	166.4	..
%	2.4	0.7	0.4	1.5	0.6	0.6	1.2	..
Mortgage market								
Mortgages outstanding, $C billions	406.1	411.2	414.2	420.7	426.0	428.8	432.9	..
%	1.1	1.2	0.7	1.6	1.3	0.7	1.0	..
Mortgage approvals, $C billions	86.0	78.6	67.7	69.1	72.9	75.5	..	..
%	5.8	-8.5	-14.0	2.1	5.5	3.5	..	..
1-year mortgage rate, per cent*	6.45	6.97	7.35	7.63	8.03	7.90	7.83	7.10
5-year mortgage rate, per cent*	7.32	7.75	8.25	8.48	8.52	8.25	8.15	7.58
Residential investment**								
Total, $1992 billions	44.0	44.5	45.8	45.5	44.2	45.1	45.0	..
%	2.8	1.2	2.8	-0.6	-2.8	1.9	-0.1	..
New, $1992 billions	21.8	22.4	23.5	22.8	21.7	22.0	22.0	..
%	2.0	2.5	5.0	-2.7	-4.8	1.4	-0.3	..
Alterations, $1992 billions	14.4	14.2	14.8	15.1	15.1	15.3	15.3	..
%	1.5	-1.4	4.7	1.6	0.1	1.4	0.0	..
Transfer costs, $1992 billions	7.8	7.9	7.4	7.6	7.4	7.7	7.7	..
%	7.6	2.1	-6.4	1.8	-2.6	4.4	-0.2	..
Deflator, 1992=100	112.0	111.7	112.5	114.2	114.6	113.9	114.9	..
%	1.1	-0.3	0.7	1.5	0.4	-0.6	1.0	..

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
.. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.